



Save the cranes!

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To save money, Governor Carcieri seeks to cut a state program that makes more money than it costs in tax breaks. Only last year, when legislators tried to impose a moratorium on the program, the governor rightly called the move "shortsighted."

The Rhode Island historic-preservation tax credit, passed in 2002, has generated 189 projects scheduled for construction between 2003 and 2011. These projects constitute investments totaling \$859 million, according to a study commissioned by Grow Smart Rhode Island. The cost to the state in tax breaks would be an estimated \$257 million, while the projects are expected to raise \$444 million in income, sales, and property taxes -- making this program a big plus for the public coffers.

Meanwhile, these projects turn vacant or underused properties into revenue-paying businesses. They redirect the flow of development from greenfields to brownfields, thus preserving Rhode Island's rural heritage and reviving its urban centers. The program has spurred such wonderful projects as the Lebanon Mills, in Pawtucket; the Rising Sun Mills, in Providence's Olneyville; the Royal Mill, in West Warwick; the Ashton Mill, in Cumberland; the Namquit Mill, in Bristol; several splendid building restorations in Downcity; and the Masonic Temple hotel project, right next to the State House.

These all generate untold additional revenue for the state by making Rhode Island attractive to people who start and run businesses. And they save money by keeping a lid on social and other problems -- fiscal, economic, environmental -- that are costly to address and sap the state's allure.

Nevertheless, Mr. Carcieri has now adopted the shortsighted view he criticized last year. His current budget proposal has no specific plan to cut the historic-preservation tax credit, but it warns of future changes, "to ensure that the State's finances are not compromised by an overly successful program."

Only a narrow beancounter's-eye view of government could give rise to such an Orwellian phrase.

Last year, after the governor blocked opposition to the tax-credit program, legislators imposed a draconian increase in the fee that developers pay to participate in it. This may have killed some projects in the planning stages, and it probably caused some developers eyeing Rhode Island to look elsewhere.

The state must not shoot itself in the foot again. As Mr. Carcieri knows well, consistency is crucial to a good economic environment. If he wants to lure business to Rhode Island, yo-yoing the historic-preservation tax credit won't do it.

Because of the many big construction projects under way in the state, some wags say the new state bird is the crane. Well, Governor, don't scare off the cranes! That would be as shortsighted this year as it was last.

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